

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, June 16, 2009, 4:00 P.M., CITY COMMISSION CHAMBERS

Members Present: Chairman, Pamela K. Cully; Vice Chairman, Robert W. Summerhays, Jr.; Deputy Secretary, Darrell Drummond; Mayor Robert J. Benton III; and Ex-Officio Member/City Manager, David Recor.

Excused: Secretary, Thomas K. Perona.

Others present: Director of Utilities, Director of Shared Services, FPUA Attorney, Director of Finance, Communications Manager, Director of Electric and Gas Systems, and Purchasing Manager.

The meeting was called to order by Chairman Cully.

The Invocation was given by Pastor George Welch of White City United Methodist Church.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

Presentation of the Angel Tree Award was made by Mr. Bill Abramowicz, Customer Service Manager, as received from The Salvation Army. Mr. Abramowicz stated that each year the Salvation Army hosts the Christmas Angel's Program, which assists local families in providing presents for the children that the families may not be able to provide. FPUA has been participating in this program for quite a few years now. We are given cards with a child's name and a small list of desired presents and FPUA staff was able to provide multiple gifts for each of approximately 65 children in our area. A large number of bicycles were given and some FPUA staff helped to assemble these bikes. Many departments participate by putting in a little time and personal money to make sure local children do not go without a Christmas. Mr. Abramowicz said that he has always felt this is one of our most worthwhile causes to participate in.

Mrs. Nina Hurtubise, Director of Finance, presented the Distinguished Budget Presentation Award for FY 2009, as received from the Government Finance Officers Association. Mrs. Hurtubise stated that this award is for the budget that we are still using and it represents quite a significant achievement. It reflects the commitment of the Board and staff to meeting the highest principles of governmental budgeting. She said that in order to receive this award, the budget was rated proficient in all four of the following: as a policy document, a financial plan, an operation guide, and a communication device. Mrs. Hurtubise said she would like to thank everybody throughout the entire company who participates in the assembly of the budget because it is built from the bottom up.

Mrs. Cully thanked Mr. Abramowicz and Mrs. Hurtubise and said that although these awards are totally different, they both reflect very positive on FPUA.

A motion was made by Mr. Summerhays, seconded by Mr. Drummond, and unanimously carried that all the items on the Consent Agenda be approved:

1. Approval of the Minutes of the Regular Meeting of May 19, 2009.
2. Approve Supplemental Lease for an additional 610 square feet of space at the Federal Courthouse.
3. Excuse Secretary, Tom Perona, from today's meeting, as he is out of town.

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The following letters of appreciation were noted:

A letter was received by Ted Cook, Gas Operations Supervisor, from Ann Decker, Executive Director of IRSC Foundation, expressing thanks to FPUA for design and installation of a simulated gas line for a kitchen fire suppression system at their Fire Science Academy.

A note was received from The Mustard Seed thanking FPUA customers for the amount of \$335.30 contributed through Project Care.

A letter was received from the Education and Outreach Division Manager of Oxbow Eco-Center expressing appreciation for FPUA's participation in the recent Earth Day Festival and the services of Eric Winterstein in setting up for the festival and formulating a plan for next year's parking.

Mrs. Cully stated that she wanted to thank Mr. Cook and Mr. Winterstein for their good service and the extra effort they put forth in these different causes.

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Mrs. Nina Hurtubise, Director of Finance, presented the status report on the Electric Power Cost Adjustment Over/Under Recovery for May, 2009. She said we are presently under collected by approximately \$2.3 million. We had an under collection in the month of May of almost \$1 million and that in of itself was not a complete surprise. We did expect the cost to exceed what we were recovering in the month of May; however, it was a little bit more than it has been in the last couple of months, a little bit more than what we had been expecting in each of those respective months. It currently brings up the balance to almost \$2.3 million that we are under collected. This item was for information only, no action required.

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Mr. Thiess explained that item C-2 is an item that is being walked on today and was not on the original agenda. A revised agenda was provided to the Board and sent out to the media with item C-2 on it. This item is an increase in the Power Cost Adjustment (PCA) of \$5.00 back to the \$54 per 1,000 kWh that was decreased in January. Mr. Thiess said that we have been making it a habit of bringing our rate consultant's spreadsheet to

show the Board the numbers where we projected the PCA balance out to September of this fiscal year. The attachment handed out before the board meeting today and emailed several days ago incorporates several different scenarios. The one on top is the "do nothing" scenario where we do not increase the PCA. This spreadsheet has input data that goes into it so we get to the number at the tail end of it. One of the most important pieces in this spreadsheet is the Florida Municipal Power Agency (FMPA) projected wholesale rate of power. We received word on our last monthly rate conference call with FMPA that the projection of rates increased considerably. For the 5-month period that ends in September, the average increase in the wholesale rate was a whopping \$11.00. Mr. Thiess said he believes it spiked in July at \$17.30 over what the projected rate was a month ago. We have had numerous discussions with FMPA over this and the answer that Mr. Thiess has received is there was an apparent oversight and the increase was due largely to costs for the hedge contracts rolling off in various months going forward. We asked a lot of questions with Mrs. Hurtubise and Mr. Murray Hamilton, our rate consultant, on the conference call and it was not explained to our satisfaction. Mr. Thiess said they will be up there next week at the FMPA meeting and will be able to sit down with the people face to face. We were also told that these increases will show an upward bump in the cost curve going forward and there will be a corresponding, over time, downward reflection in the cost curve at some point going forward. We have not seen how that will happen and we will have these discussions with FMPA next week when we are up there.

The bottom line is, if we did nothing, which is scenario one on the cover sheet, we will have a very large undercollection. The 80% probability means the set of rates going forward have an 80% chance of covering the actual rate. In another words, the rate has an 80% chance of being at or below that rate. The 70% chance is a lower rate, but the actual rates only have a 70% chance of hitting that rate or below it. The reason Mr. Hamilton used the 80% as the likely scenario for the "do nothing" alternative is because, over the past year, the 80% alternative has been much closer to the actual rate than the 70%. So going forward at this point, the logical assumption is we would be better off using the 80% rate. Looking at the top line on the cover sheet, we would end up at about where we are now at the end of the year. If you look at the next sheet, we are projected to go down in the next month of June to about \$2.7 million, in July to \$3.2 million, which is getting very uncomfortable. We then see some serious gains in August and September and we end the year a little better than where we are now at negative \$2.2 million. Going forward at the 80% rate assumptions, the "do nothing" alternative would net us over \$4 million in the hole at the end of next fiscal year. Both of those numbers, \$2.2 million at the end of September 2009 and \$4 million at the end of fiscal year 2010 are unacceptable from the cash standpoint.

We budgeted this year to run it real thin and run our unrestricted cash down to 30 days at the end of the fiscal year. That 30 days does not include the \$2.2 million owed on the under recovery of the PCA. That will take it well below the 30 days. We have looked at a lot of alternatives, some at less than the \$5.00 per 1,000 kWh, which most likely would require an additional increase before the end of the year and we did not want to do that. It appears that putting back on the \$5.00 that we took off in January would be a sustainable PCA through next year and maybe if the projections come out closer to the

70% rate assumptions, we might be able to lower it this fall or by next spring. Mr. Thiess said that looking at all the factors involved, we do not want to get that far in the hole ourselves and have a big under recovery. We are going to the bond market to refinance the pool loans at roughly \$30 million and we do not want to do that in a weak cash position. He believes we need to take decisive action and put the \$5.00 back on and we will take it back off down the road as soon as we can.

Mrs. Hurtubise said that if we do increase the PCA \$5.00 per 1,000 kWh that would raise the average residential customer's costs based on the 1,000 kWh from \$144.84 to \$149.84 per month.

Mr. Summerhays said he was trying to think of a calm and nice way to say what he feels. He said that this is the third time FMPA has done this to us and every time we have gotten an excuse that sounds suspiciously like the excuse before. Mr. Summerhays said their failure to properly plan, adversely affects our customers. He does not believe it is fair to us and not fair to our customers and he is fairly certain there are some other members of the All Requirements Project that feel the same way. We will be seeing these people next month at the FMEA/FMPA conference and we need to make it clear to them just how unhappy we are. As far as the \$5.00 increase, we do not have a choice. Mr. Summerhays said he does not want to do it to our customers and he does not want to pay it himself, but we do not have a choice. We would be remiss and fail to uphold our fiduciary responsibility if we do otherwise.

Mr. Thiess said he would like to add that in spite of FMPA's failure to see the costs of the hedges coming off, we would have had the costs anyway. The costs are a result of the hedging program that took place back in May and they were always there. As they were doing these rate projections, they failed to put those costs in there. If from the initial mistakes in the hedging program, the staff had been vigilant and done everything, cross the t's and dotted the i's, these costs would have been on us earlier and we could have spread them out and probably not lowered the PCA \$5.00 in January. The mistakes are not putting any new costs on our customers, it is a communication thing where we have to go up and down and chase this elusive target.

Mr. Summerhays said we have to make up for a very large amount of money along with the All Requirements Members, at the FMPA level, in a very short period of time. We have got to turn around and take back the reduction in the adjustment that we gave to our customers. He stated that as he recalls, we said at that time, we need to be sure about this, we do not want to take it back and here we are, once again not due to anything we did wrong, but a failure on FMPA to maintain their business in a competent manner. Mr. Summerhays said he is beginning to wonder if Vero Beach has taken the right step.

Mr. Drummond said it is far more dramatic now because of the timing, now is when we will get the highest consumption because of the hot months and we are going to have to explain the higher bill along with the higher consumption. Mr. Drummond states, as Mr. Summerhays was saying, we could have somewhat placed that over a longer period of time had FMPA planned appropriately. This is not from the volatility in the market as

much as it is poor planning at the FMPA level. How do you explain to the general public what the FMPA is and the impediments to us being able to move quickly as a result of them not being able to share things in a timely fashion to us. This is totally unfair to us.

Mr. Summerhays said that every time we have one of these things, it turns out there is as much a failure to communicate to us as there is a failure to plan. There has been at least two prior times where, had we known when they knew, it would have hurt a lot less.

Mrs. Cully said she is very disappointed also and it is unbelievable that this has come up at this time. However, she stated that FMPA has a new general manager. She said from her observations of attending the FMPA meetings, nobody was watching the store. We did not get the information and it seems like their attitude is "oh well" you have to do this anyway because you have this 30-year contract with them. Here we are, every time the wind blows, we have to move with it.

Mayor Benton said that he is disgusted with this. FMPA makes a presentation and tells us where things are going and then they do not go there, and he is sure the other public utilities and officials are feeling the same way. He stated, as Mr. Drummond said, it is different in the winter, but going into the summer, people have no choice. Mayor Benton said that maybe from this Board and other utilities, some heads need to roll at FMPA. Even if they have somebody new, they have not done their job and somebody needs to be held responsible in the organization and there needs to be a major shakeup of it, or it is time that we give a directive and look at our options because he is not willing to sit back and take this for the next 30 years. It is time that we look at our options.

Mr. Thiess said that the FMPA staff is developing an action plan to implement the strategic plan and part of that action plan will address the annual cyclic variation in the wholesale rate. At this time of the year, they are getting that 60-day cash every month; so looking ahead in the summer, the 60-day cash is much bigger than it is in the fall when you go into the low usage months. This will be discussed in the strategic plan that we need to get the annual cyclic variation out of the rate. That effort should help solve the annual rate variation problem. It should be noted that the circumstance that caused today's PCA increase is a onetime problem stemming from the hedge that was placed in the spring of 2008. Mr. Thiess said he does not see this particular type of problem reoccurring and he is hoping that other similar types of problems do not occur. He believes, given the direction of the new general manager, we can get there. We do not need any other hiccups like this because it is very hard to explain to the customers and very hard for us to plan and keep our cash positions safe and our finance positions where they need to be, if we are always chasing a moving target. Mr. Thiess said he is confident that we can get there and that he and Tom Richards will be up there next Thursday and this will be discussed. We can make some positive changes and those positive changes can be made a lot faster than the other alternatives, which we will never rule out. We need to make some positive changes right now so that over the next year, we have some positive results and do not have these miscommunications or missed things in the rate projections.

Mayor Benton said that we need to let them know that he for one, because he cannot speak for the whole Board, has lost confidence in the administration at FMPA. Mr. Summerhays responded that he too has lost confidence. Mayor Benton said if the whole Board feels that way, we should send a letter with Mr. Thiess to the FMPA meeting and find out how many other utilities feel the same. He does not want to take this laying down, and some heads need to roll and some changes need to be made. This is just too much too often. Mayor Benton said that he is going to hear it from others.

Mr. Drummond said that there needs to be something there to insulate us. FMPA is not on the front line, we are going to hear it and it is not going to be pretty. He said that to suggest that this is just a hiccup just does not get it for him.

Mrs. Cully said that she agrees that a letter from our Board would be good to say that our whole Board feels this way. She is certain that other cities will be there at that FMPA meeting and if they see it in black and white and not just verbally, it might be a little stronger message.

Mayor Benton said we need to do something to get their attention because this is unacceptable.

Mr. Summerhays said it is kind of like, three strikes and you are out deal.

Mr. Thiess said it does not do a lot to instill the confidence.

Mr. Summerhays responded "no it does not". He said that he used to think that FMPA was a well run business and that we had done real well getting into it, but he is not so sure anymore.

Mrs. Cully said that, having been to a number of their meetings, overall the organization is sound, but financially some of the things that have come up in the past year or two were wrong and they made mistakes. She believes they try to do it in-house instead of getting advice outside, especially on the hedging. It was not just a mistake; they do not feel it like all the cities are feeling it and all the people in our community who are going to suffer from it. FMPA will not have to feel that or hear it, but we will.

Mr. Thiess said that they have to answer to the member utilities and that is where the input needs to come from.

Mrs. Cully said but it does not hurt as bad there as it hurts here.

Mr. Summerhays said that some of the pressure needs to be passed on and he believes a letter or a resolution is a very good idea.

Mr. Thiess said that he will work with the Board on a letter or a resolution, whatever your preference is.

Mayor Benton said that it must have strong language.

Mr. Drummond said we need to include the Mayor's suggestion of suggesting to them that they understand that we are even willing to look in terms of our option to get out. He said that he has confidence problems now with them.

Mayor Benton said that he agrees with Mr. Drummond and he would like to ask Mr. Koblegard to sit down and go over the 30-year issue. Vero Beach had options and he believes we have options, especially when we are being misguided and misled. He has been told by the folks out there that are in the business, it can be taken care of. Mayor Benton suggested that each Board Member sit down with Mr. Koblegard and find out what our options are. He said that he was talking with a representative of FPL and they say that we can get out of it.

Mrs. Cully asked how long we have had a commitment with FMPA and ARP. Mr. Thiess replied that it has been 11 years with ARP and 21 years with FMPA. Mrs. Cully said that during that period of time, we were rolling along until this period of time with a certain management that has come in and not doing their job and then on top of that we have had this terrible economic situation going on at the same time. She does not rule out that we should look elsewhere, but she does not believe FPL is a good thing to go for because she does not want to pay shareholders.

Mayor Benton said he is not saying that it is, but the only way that we will get the attention of the folks that are messing up, is if something happens locally. If we want their attention you have to let them know that we are talking to folks like Vero Beach did. Something has to happen and he would hope that all the other public utilities and the city councils throughout the State of Florida that are involved in the same situation are feeling the same way. He mentioned at the Gainesville's City Commission meetings that he has attended, they are dealing with the same type of thing and they have about the same demographic makeup as Fort Pierce. Mayor Benton said he will be doing his part by talking with the City's Florida League of Cities conference board members and elected officials because not a lot of elected officials come to the FMPA conference. He believes it is time that we look at other options. Mayor Benton said he does not believe that FMPA is representing us well.

Mrs. Cully said that we need to let them know that we are looking at other options.

Motion by Mr. Summerhays, seconded by Mr. Drummond, and unanimously carried to approve the Electric Power Cost Adjustment for the period of July 1, 2009 until further notice at a rate of \$54.00/1,000 kWh.

Mayor Benton said the only reason that he is supporting the motion like the rest of the Board is because we have to be responsible and it is out of our hands, but we sure are going to be loud and boisterous in the near future in where this is coming from.

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Mrs. Hurtubise presented the Month of April, 2009, rate comparisons for residential electric rates compiled by FMEA and the electric, water, and wastewater rates for Fort Pierce, Port St. Lucie, SLC Utilities, and Vero Beach. Mrs. Hurtubise made reference to the graph presented on the screen, which was in the Board packages, showing the State of Florida April usage for 1,000 kWh. FPUA is shown with the base in green and the fuel adjustments in yellow. Everyone's rates are made up of a base rate and a power cost adjustment and they all vary from city to city. FPUA is number ten from the top at this point and number eight on the 2,500 kWh comparisons. Since March, seven utilities have increased their bills and eleven have decreased their bills. Some of the big ones to note; Bartow increase of \$13.81, Mount Dora increase of \$12.45, Clewiston increase of \$10.40. Decreases were from Tallahassee, Williston, Progress Energy, Winter Park, Green Cove Springs, and Wauchula. On the 2,500 kWh comparisons, FPUA is number eight. Mrs. Hurtubise said that this is where we stand as of April. The PCA that you just approved will be effective for the month of July so we will not be seeing that for quite a few months.

Mrs. Hurtubise displayed a spreadsheet showing the utility bill comparison prepared by staff of FPUA for FPUA, Port St. Lucie, St. Lucie County, and Vero Beach Utilities. There has not been any change in this month from prior months, but keep in mind that it was in the newspaper that Vero Beach's electric rates are expected to increase 18%. She stated that she is anticipating an increase in the water and wastewater rate in Vero Beach, as they are significantly lower than any of the other rates in the area.

Mrs. Cully said that 18% is huge and Mrs. Hurtubise agreed. Mrs. Cully said that Vero Beach also had a 3% increase in January, which makes it 21% that they are increasing their electric rates.

Mrs. Hurtubise said that many Port St. Lucie residents are paying assessments on their water and wastewater tax bills that are not included on this spreadsheet. St. Lucie County water and wastewater rates are very high as shown and are expected to increase as well. This is information only and no action is required by the Board.

Mr. Koblegard commented that on the 1,000 kWh customer, Lakeland is the lowest and FPUA is \$29.45 above the lowest and most efficient utility listed on the sheet in spite of the bad news today.

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Mr. Hayden Alexis, Engineer in the Electrical Engineering Department, presented the R.W. Beck, Inc. Specific Authorization for additional services for the Hartman Road Substation upgrade project. Mr. Alexis said this project is about to close and the finish line is in sight. Staff is requesting that the Board approve the specific authorization in the amount, not to exceed \$146,635.00.

Mrs. Cully asked if the project was due to end in July. Mr. Alexis said it should be completed in two months.

Mr. Drummond made an observation after reading through the agenda item, it gave the impression that doing the project in-house, it went from \$629,000 down to \$146,000. He was then told that by bringing it in-house that there was a \$300,000 cost savings by doing the work in-house.

Mr. Thiess said it was a savings of \$300,000. Mr. Drummond thought at first it was a \$500,000 savings when he read it.

Motion by Mayor Benton, seconded by Mr. Summerhays, and unanimously carried to approve R. W. Beck Specific Authorization for additional services for Hartman Road Substation upgrade project in an amount not to exceed \$146,635.00..

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Mrs. Hurtubise presented the Purchase Gas Adjustment (PGA) for Firm Service for the period from July 1, 2009 through July 31, 2009. She stated that we are continuing to lower our PGA and many months in a row we have been able to lower it at \$0.05 a clip. Mrs. Hurtubise said she is proposing to the Board today a reduction from \$0.40/CCF to \$0.35/CCF for the month of July. This will decrease the 13 CCF average customer from \$32.84 to \$32.19 and will reduce the rate per CCF from \$1.60 to \$1.55. We will continue to lower the PGA if we can. We watch it on a monthly basis as we do the PCA. It just so happens, that this is exactly what we paid in the month of May and this is the amount we are going to charge for the month of July and moving forward until further notice. We do expect this will begin to give back some of the over collection that we currently have on the gas side. Mrs. Hurtubise said she would like to request the Board approval for a PGA for July 1<sup>st</sup> of \$0.35/CCF.

Motion by Mr. Drummond, seconded by Mr. Summerhays, and unanimously carried to approve the Purchased Gas Adjustment for Firm Gas Service for the period from July 1, 2009 through July 31, 2009 and until further notice will be +\$0.350/CCF.

Mr. Thiess said that our ability to continually lower the PGA and get our gas cost down is due to the vigilance of our staff, particularly Tom Richards. Mr. Thiess said that our hedging program for gas is working very well because we did not do a lot of hedging back on the run up and subsequent fall in prices. We did not hedge high and get stuck during the drop of the prices. We started our heavy hedging when the prices were low and as they increased, we are gaining an advantage from that. Mr. Thiess said that the local hedging program is working just fine, keep up the good work Tom.

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Mrs. Hurtubise presented the Quarterly Financial Operating Result for April, 2009. She said there are no surprises here. The income before City Distribution, Capital Contributions, and Extraordinary Items is \$379,000.00. She said that we have spoken in past months how thin our margin is and she quantified that by saying that is about 1% of the \$60 million worth of operating revenue that we have. In the month of April, we paid the City Distribution, which hits our bottom line very hard. A onetime \$5 million payment in the month of April has decimated our cash position and it caused a year to date decrease in net assets of \$1.8 million. We have been holding the line. We do

expect to gradually make that back; however, it is not going to happen in the month of May and maybe in the month of June. We do continue to experience decreases in units billed across the board. Electric is down from 2008 to 2009 by 9%, water is down 5%, wastewater is down 8%, and gas is down 2%. On the dollar side, it kind of looks the same, flat across the board, but the results in some cases are because of the rate increases that we have had. Electric is up 11%, the power cost adjustment (PCA) is up \$5 million, so if you take that out, we are actually down 4%. Water is up 2%, wastewater is up 7%, and natural gas is up 1%. PGA has actually dropped about \$151,000 from last year, so natural gas is actually up about 10%. Too bad it is such a small piece of the pie.

Mrs. Hurtubise said a true gauge of our financial health and that which the rating agencies look at quite carefully, is our operating income and debt service coverage. At this point, we are still very healthy at 2.54. The reason 2009 is looking so poor compared to 2008, is because we have less contributed capital to the tune of \$11.5 million, \$3.6 million of grant revenue last year that we do not have this year, and we have more expenses. The contributed capital is at \$3 million for those seven months and we were at about \$14 million this time last year. This is information only, no action required by the Board.

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Mrs. Hurtubise said that Mr. Summerhays had requested a brief explanation of restricted assets, the money that we have, but we cannot spend. The biggest piece is the capital improvement charges which we collect and at this point almost all that is left is water system capital improvement charges. We do have some in the electric system and some in the wastewater system, but the largest share of the \$8.5 million that we are holding in trust is for the water system. The funds are being held solely for the purposes of new growth for new customers. We cannot use it on the renewals and replacements that our system so desperately needs so we have to fund those through rates. Customer deposits, (\$5.6 million) are the deposits that our customers pay to us and we cannot spend. We have to hold on to them in the event a customer is cut for nonpayment, and many cases those deposits are refunded for good payment history or if a customer leaves us. We have to have that money available in the event they want their money back. Mrs. Hurtubise said that we are sort of like any other home owner, we have debt, kind of have a mortgage, except we do not pay the mortgage every month, but we do set aside the money for it every month. We pay our interest April 1<sup>st</sup> and October 1<sup>st</sup> and pay the principle that is actually what reduces our debt each October 1<sup>st</sup>. As any good business would do, we set the money aside each month as we are required to do by our Bond Covenants. At the end of April, that number is \$3.5 million, we set aside about \$700,000 a month. She said that we also have two other pots of money, a \$2 million emergency reserve, which was created and required by bond resolution, and \$1.2 million renewal and replacement reserve. These are funds we cannot spend.

Mayor Benton asked what the interest rate is on our bonds.

Mrs. Hurtubise responded that the rate varies. They are somewhere between 2% and 6%, but do not go past 7%; they range throughout all the different series and also within the series, the interest rates vary.

Mayor Benton said that he asked the question because of the reduction in the interest rates, should we look possibly at redoing our bonds and bring our interest rate down.

Mrs. Hurtubise said that you would think the interest rates would be down for debt, but regrettably, we are looking into refunding the pooled loan only because FMPA has called those loans. That is the other thing that they have hit us with, so we are actively looking at them. In the bond market, the rate of interest we have been quoted is an estimate of about 5.7%. She said with all the stimulus money you would think we could get a bank loan.

Mayor Benton said that the City was looking at renewing some bonds and he thought the interest rates were less than that.

Mr. Recor asked if FPUA had checked with RBC and Mr. Thiess responded that we had a conference call with them last week.

Mrs. Hurtubise said the rates have to do with our bond rating, which is A- by Fitch and they are going to be looking at our cash position and our ability to pay our debt, which is fine at this point. We will keep the Board posted as we have more factual information to present.

Mrs. Cully said that we are going out for the pooled loan only because Wachovia said they were no longer in the pool loan business and required FMPA to pull the loans.

Mrs. Hurtubise said that FMPA could not get alternate financing. This is a case of how their situation is trickling down and hurting us.

Mr. Summerhays said that FMPA has given us three months to pay them back.

Mrs. Cully said that happens with loans like that and they can call it back at any time and that is business and we have to be prepared, which no one is ever prepared for that kind of money.

Mrs. Hurtubise said yes it is \$30 million.

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Mr. Thiess reminded the Board that the budget will be coming before this Board very soon. The individual capital, personnel, and O & M budgets will be coming the first meeting in July. In the interim, if the Board has any questions, please contact Mr. Thiess particularly if there are questions about the wireless Broadband project. If there is specific information you would like to see on that, please contact him. Staff has noted the questions that came up in the workshop last Friday and those will be addressed, but if you have additional questions or want to talk about that prior to the Board meeting, he

would be glad to discuss it. The individual budgets come July 7<sup>th</sup>; the final budget will come to the Board on August 4<sup>th</sup>.

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Mr. Koblegard referred to the Resolution that Port St. Lucie passed stating that it was attached to a letter that was addressed to Mr. Recor at the City and we were not copied on it by Port St. Lucie (PSL), but we are discussed in it. Mr. Koblegard said that we should respond to the resolution and he has talked to Mr. McIntyre with the County and they have passed a resolution. He has left a message with Mr. Rob Schwerer and he hopes to have a recommendation to the Board at the next meeting as to what we should do, if anything.

Mayor Benton said there has been some discussion about all the Boards getting together. One of the County Commissioners he spoke to this week thought that would be a good idea and that means this Board or one of the other Boards whether it is serving through the City of Fort Pierce or St. Lucie County in a bulk arrangement that is still our territory there. He believes there should be a meeting coming up in the near future.

Mrs. Cully said that we did pass a resolution so we need to do something.

Mr. Recor said that the City initiated the Resolution and FPUA, PSL, and the County are parties to it so it is the City's responsibility since PSL has given them a responding resolution and what their position is. The Florida Statute provides that the City has 60 days in which to respond and decide what we are going to do. This is a formal process that is outlined in the Florida Statutes called an Interlocal Service Boundary Adjustment Agreement. Mr. Recor said that they did not make much progress with the County when they attempted to negotiate a similar agreement, but it just became too complex because there were too many issues that both sides were trying to get resolved through this one process. He believes this one will be a little simpler because we are simply asking PSL to acknowledge that Midway Road is the boundary. Mr. Recor said that he will coordinate a meeting.

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There being no further business, the meeting was adjourned.

ATTEST:

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SECRETARY

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CHAIRMAN